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FILE ONLY

Messages on Arms Deal Intercepted, Not Acted On

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WASHINGTON—The National Security Agency intercepted messages among participants in the secret network that diverted money from arms deals with Iran to Nicaraguan rebels, but the Reagan Administration did not act on the leads, officials said Thursday.

Among the communications that the NSA, the nation's supersecret electronic eavesdropping agency, may have intercepted were telephone calls between high Israeli officials and Lt. Col. Oliver L. North, one knowledgeable official said.

North is the National Security Council aide who was fired by President Reagan on Tuesday for his role in diverting Iranian arms sale profits to the *contras*, as the anti-Sandinista rebels are known. The United States made three or four arms shipments to Iran this

year, according to Atty. Gen. Edwin Meese III, who is investigating the affair, and all were routed through Israel.

It is not clear whether NSA analysts fully understood what their intercepts meant or how widely the intercepted information was distributed among the government's intelligence agencies at the time, officials said.

But the disclosure of the intercepts reinforced questions already being posed in Congress about whether the CIA or other agencies had at least partial knowledge of the secret *contras* funding.

In the secret operation, the United States sold anti-tank and anti-aircraft missiles to Iran through arms dealers in Israel. Under a scheme allegedly devised by North, from \$10 million to \$30 million of the proceeds were diverted to buy supplies for the *contras* at a time when the Administration was prohibited by Congress from sending such aid.

Meese and other officials have asserted that no one in the Administration knew of the operation except North; North's boss, na-

tional security adviser John M. Poindexter, who resigned Tuesday, and Poindexter's predecessor, Robert C. McFarlane.

Several officials said they were impressed at how quickly the NSA was able to locate transcripts of its intercepts once the Administration decided to look into the history of the secret arms sales to Iran last week.

The NSA routinely intercepts and records millions of international telephone calls, radio messages and cable transmissions, but its staff—estimated at more than 70,000—transcribes and analyzes only a fraction of those messages.

The 1978 Foreign Intelligence and Surveillance Act prohibits the NSA from processing communications between American citizens unless they are believed to be acting on behalf of a foreign power. The agency may process international communications between Americans and foreigners abroad, although it is supposed to analyze the content of the foreigners' communications and not the Americans'.

The NSA has "targeted" international communications dealing with arms sales to Iran and with the Nicaraguan rebels—among many other subjects—because of the Administration's deep interest and involvement in the issues, officials said.

Meese said that it was "a thorough review of a number of intercepts" that alerted the Justice Department to the possibility that money had been diverted from the arms sales. Although Meese himself observed the government practice of avoiding any direct mention of the NSA, other officials said that Meese was referring to the transcripts provided by that agency.

One knowledgeable official said that the intercepts may shed light not only on the diversion of Iranian arms-sale funds to the *contras* in 1986 but also on the still-murky question of the origins in 1985 of the secret weapons deals.

Different Versions

Meese and other Administration officials have charged that Israel made a shipment of U.S. arms to Iran in August, 1985, without any authorization from Washington. Israeli officials have heatedly denied that contention and have said that they had U.S. approval. And some Israeli sources have said that approval came from McFarlane, who left office only last December. Still other sources have said that North authorized the arms transfer, although they said it was not clear whether he was acting on the orders of a superior.

Knowledgeable sources said that North frequently spoke with high Israeli officials, including then-Prime Minister Shimon Peres, on the phone.

"Normally, a mid-level NSC official like Ollie would not make calls like that without the approval of his superiors," one Administration source noted.

The issue of who had access to the NSA intercepts before the Justice Department obtained them last week is also unclear.

Most NSA intelligence on such issues as Iran or the *contras* would normally be passed on to the CIA, several officials said. In addition, the surveillance agency often provides the product of its intercepts to the NSC, the State Department and the Defense Department, they said.

In the case of the secret Iranian arms deals, however, knowledgeable State Department officials have said that they were specifically excluded from the distribution of some intelligence information, apparently including the intercepts.

The New York Times reported Thursday that the White House also attempted to withhold intercepts dealing with Iran from the Defense Department. But Secretary of Defense Caspar W. Weinberger threatened to stop the transfer of U.S. weapons to Iran unless the Pentagon was given access to the intelligence, the newspaper said.

White House Chief of Staff Donald T. Regan, traveling with President Reagan in California, refused to comment on whether the CIA or Defense Department knew about the intelligence information. "I'm not part of the investigating team," he said.